

## Message Text

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PAGE 01 BEIRUT 03062 290634Z  
ACTION XMB-04

INFO OCT-01 NEA-10 EB-07 ISO-00 AID-05 TRSE-00 CIAE-00  
INR-07 NSAE-00 /034 W  
-----121181 290637Z /14  
R 281435Z JUN 77  
FM AMEMBASSY BEIRUT  
TO SECSTATE WASHDC 4413

C O N F I D E N T I A L BEIRUT 3062

DEPT ALSO PASS AID AND EXIMBANK

E.O. 11652: GDS  
TAGS: ECON EFIN OTRA LE  
SUBJ: RECONSTRUCTION IN LEBANON

REF: BEIRUT 3018

1. THOMAS MORAN AND CHARLES HAMMOND OF EXPORT IMPORT BANK LUNCHE  
D WITH ME JUNE 24, ALONG WITH ASSEM SALAM OF RECONSTRUCTION AND  
DEVELOPMENT BOARD, SAMIR MAKDISI OF AUB'S ECONOMICS  
DEPARTMENT, AND SAMI AL AWAR OF GHASSAN TUENT'S ENTOURAGE.  
LEBANESE GUESTS LAUNCHED INTO LIVELY DISCUSSION OF CURRENT  
STATE OF ECONOMY AND AGREED ON FOLLOWING POINTS.

A. BANKS ARE VERY LIQUID, BUT VERY CONSERVATIVE. THEY HAVE  
MONEY TO INVEST, BUT ARE UNWILLING TO TAKE RISKS. BANKS IMPOSE  
STRINGENT CONDITIONS THAT PREVENT LEBANESE BUSINESSMEN FROM  
BORROWING.

B. GOL SHOULD TAKE RISKS AVOIDED BY BANKS, BUT IS UNWILLING  
TO DO SO. BEHAVIOR OF DEVELOPMENT BANK (HALF-OWNED BY  
GOVERNMENT) IS INDICATIVE. ALTHOUGH GOL HAS GIVEN THE BANK  
LL 75 MILLION TO USE AS CREDITS FOR BUSINESSMEN TO  
RESTORE CURRENT ASSETS, BANK HAD ONLY LOANED OUT  
LL 12 MILLION OF THIS AMOUNT.

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C. SUPPLIERS ARE UNWILLING TO EXTEND SHORT- OR MEDIUM-TERM  
CREDIT, AND ALMOST ALL BUSINESS TRANSACTIONS ARE IN CASH.  
THIS IS PLACING A SEVERE RESTRAINT ON BUSINESS ACTIVITY.

2. AS MIGHT BE EXPECTED, MAJOR POINT OF DISAGREEMENT  
REVOLVED AROUND POLITICAL SETTLEMENT. SALAM (A MEMBER

OF SUNNI ESTABLISHMENT) AND MAKDISI (A PROTESTANT LIVING IN WEST BEIRUT) MAINTAINED THAT GOL SHOULD GET BUSINESS GOING BEFORE ATTEMPTING TO REFORM LEBANON'S CONSTITUTIONAL SYSTEM. AL AWAR (A DRUZE LIVING IN BRUMMANA) CLAIMED THAT THERE COULD BE NO RESUMPTION OF BUSINESS CONFIDENCE UNTIL PALESTINIAN PROBLEM WAS SETTLED AND FINAL NEW POLITICAL ORDER ESTABLISHED FOR LEBANON.

3. THIS IS FREQUENTLY HEARD DEBATE. OF COURSE, ONE CANNOT BUT FAVOR "FINAL" POLITICAL SOLUTIONS. BUT IF THEY ARE A PREREQUISITE TO ECONOMIC ACTIVITY (HERE OR IN ANY OTHER COUNTRY), WE WILL HAVE A LONG WAIT.  
PARKER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANKERS, MEETINGS, ECONOMIC RECONSTRUCTION  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 BEIRUT 3018  
**Retention:** 0  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
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**Subject:** RECONSTRUCTION IN LEBANON  
**TAGS:** ECON, EFIN, OTRA, LE, XMB  
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**Review Markings:**  
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